

Unemployment Insurance Usage

During the Recession

NOTE: The Utah Department of Workforce Services administers Utah's unemployment insurance program. All claimant activity is recorded and stored by this department. Individual records can be aggregated to produce cumulative statistical profiles of those filing for unemployment. Claimants were quantified across the period October 2008 through November 2010 statewide. This is a representative window in which the immediate and lingering consequences of the Great Recession had their strongest impact upon the unemployment insurance system.

Not all geographic areas in Utah are the same. Urban and rural distinctions abound and industry makeup plays a part. Therefore, different usage patterns arise in filings for unemployment insurance claims. Different parts of the state show different levels of usage, and each area has its own distinct explanation.

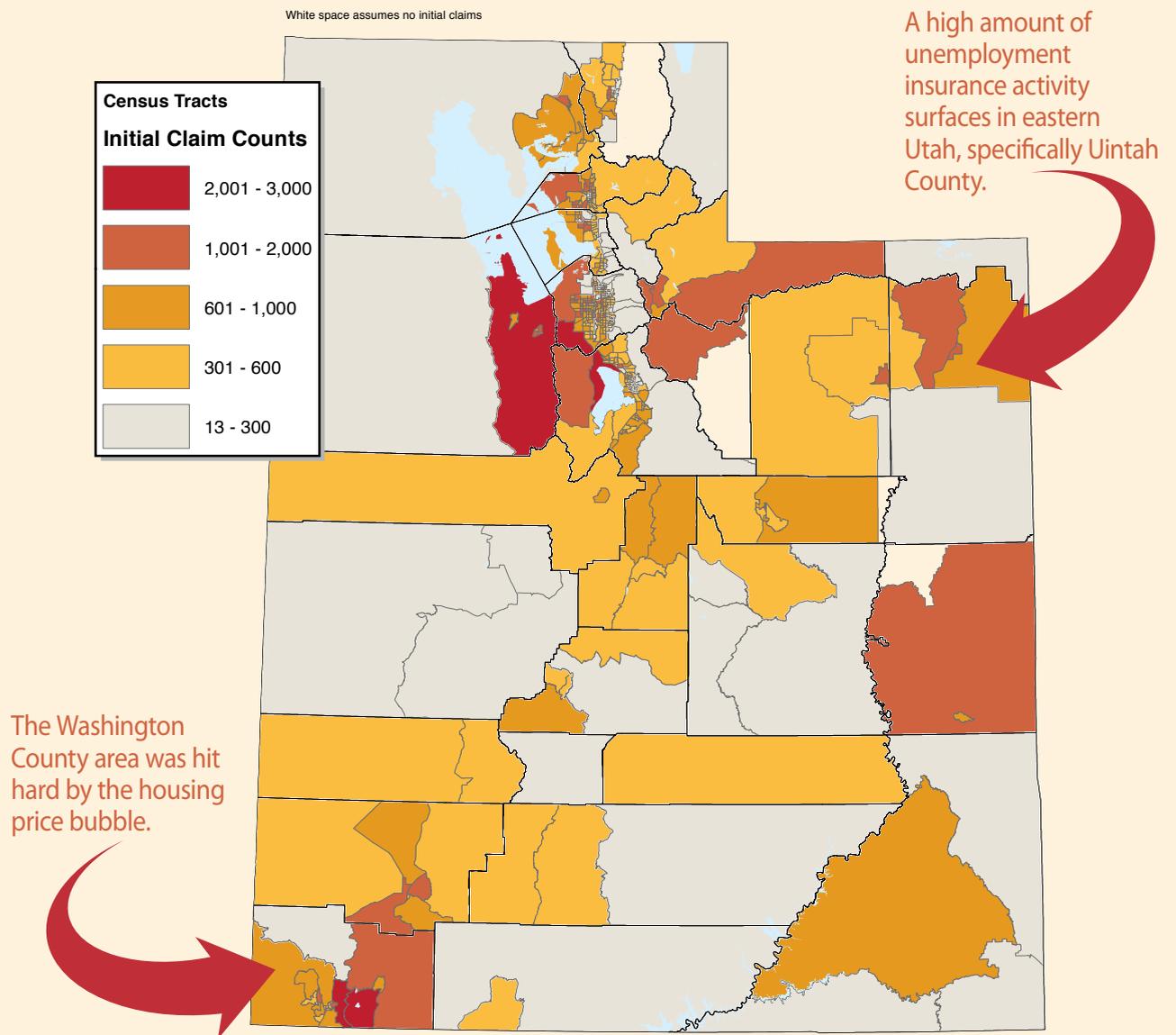
For example, a high amount of unemployment insurance activity surfaces in eastern Utah, specifically Uintah County. This is an economy heavily dependent on natural gas production. There was a period covering most of 2009 in which energy prices collapsed and employment levels fell off noticeably. As a result, this county experienced a pocket of high unemployment insurance usage (this includes Roosevelt in Duchesne County for the same reason).

Another area with high usage is Washington County in the state's southwest corner. This area was hit hard by the housing price bubble. Its sunbelt features and proximity to Las Vegas drove in-migration and resultant housing speculation. The end result was a sharply collapsing construction sector and an unprecedented three-year period of job loss. Claims counts soared in this region, an event that is much out of the ordinary for this normally high-flying economy. These events also impacted Iron County, Washington County's neighbor to the north.

Grand County—the Moab area—is another that stands out with high unemployment insurance usage. However, this may not be as noticeably tied to a significant deterioration of the local economy as seen in Washington and Uintah counties. Instead, it looks like normal usage, although the recession probably added some influence. Moab is an economy heavily dependent upon tourism, particularly non-winter tourism. As such, Grand County exhibits a seasonal pattern of high unemployment insurance usage. Tourism-dependent workers work long enough to maintain unemployment insurance eligibility, then use this system to

Utah Initial Unemployment Claims by Census Tract

October 2008—November 2010



Source: Utah Department of Workforce Services.

bridge the winter down time. Nearly 47 percent of all claimants worked in the tourism industry (whereas the statewide average is only 7 percent). Because of this, it is difficult to separate the “normal” usage of the system from that caused by the recession.

The same usage and difficulty in assessment can also be attributed to the Summit County area, up and over the mountains east of Salt Lake City. This county is the home to three major ski resorts. It is both a tourism-dependent economy and a seasonal one. Therefore, it also has seasonal high usage, and again, it is difficult to separate the normal amount from any recession-generated usage. Forty percent of claimants come from tourism.

Claims counts throughout the remainder of the state, including the metropolitan areas, largely follow population density profiles.

Salt Lake is the state’s most populous county. Therefore it should, and does, have the most initial unemployment claims. Mapping county initial unemployment claims by census tracts does show patterns of high and low usage across the metropolitan area. There seems to be a pattern of low usage in the higher-income eastern tracts, and higher usage throughout the rest of the valley.

The lowest quantity of claims is in the census tracts running along the foothills of the Wasatch Mountains bordering the valley’s east side, including the avenues east of 1300 East between I-80 (south) and the University of Utah (north). The rest of the valley experienced higher claim counts, with most areas around South Salt Lake City southward toward Murray, neighborhoods in West Valley City, Kearns, Magna, and the far southwest corner of the valley.

Evaluating the heavy usage in the southwest corner of the valley

presents something of a challenge. It is probably explained by the assumption that young workers have higher vulnerability to layoffs, as businesses look to retain more experienced and tenured workers. Younger workers are cheaper to replace.

As the decade of the 2000s emerged, new families and workers looked for available land and housing. For many, their jobs are in Salt Lake County but the workers themselves located further into the county’s fringes looking for lower housing costs. The real estate people label this “drive till you qualify.” This produced

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new communities where before there was only open land. This not only impacted southern Salt Lake County in its reach, but also northern Utah County and eastern Tooele County (to the west).

These are areas now populated by new homes and in many cases, young workers. These areas, on a map, also jump out with the most initial unemployment insurance filers. Logic follows that if young workers are the ones vulnerable to layoffs, then claims should be high in these areas.

That theory I believe holds weight. But unfortunately there is another factor playing out beside this, and it probably produces an overstatement of the amount of claims in these areas.

These census tracts are 2000 Census tracts, built upon 2000 population levels. Population has grown disproportionately in all of the just mentioned areas since then. New census tracts from the 2010 Census are now available (but not quantified as such for this article). In these areas, where in 2000 there may have been one census tract there are now as many as six new tracts.

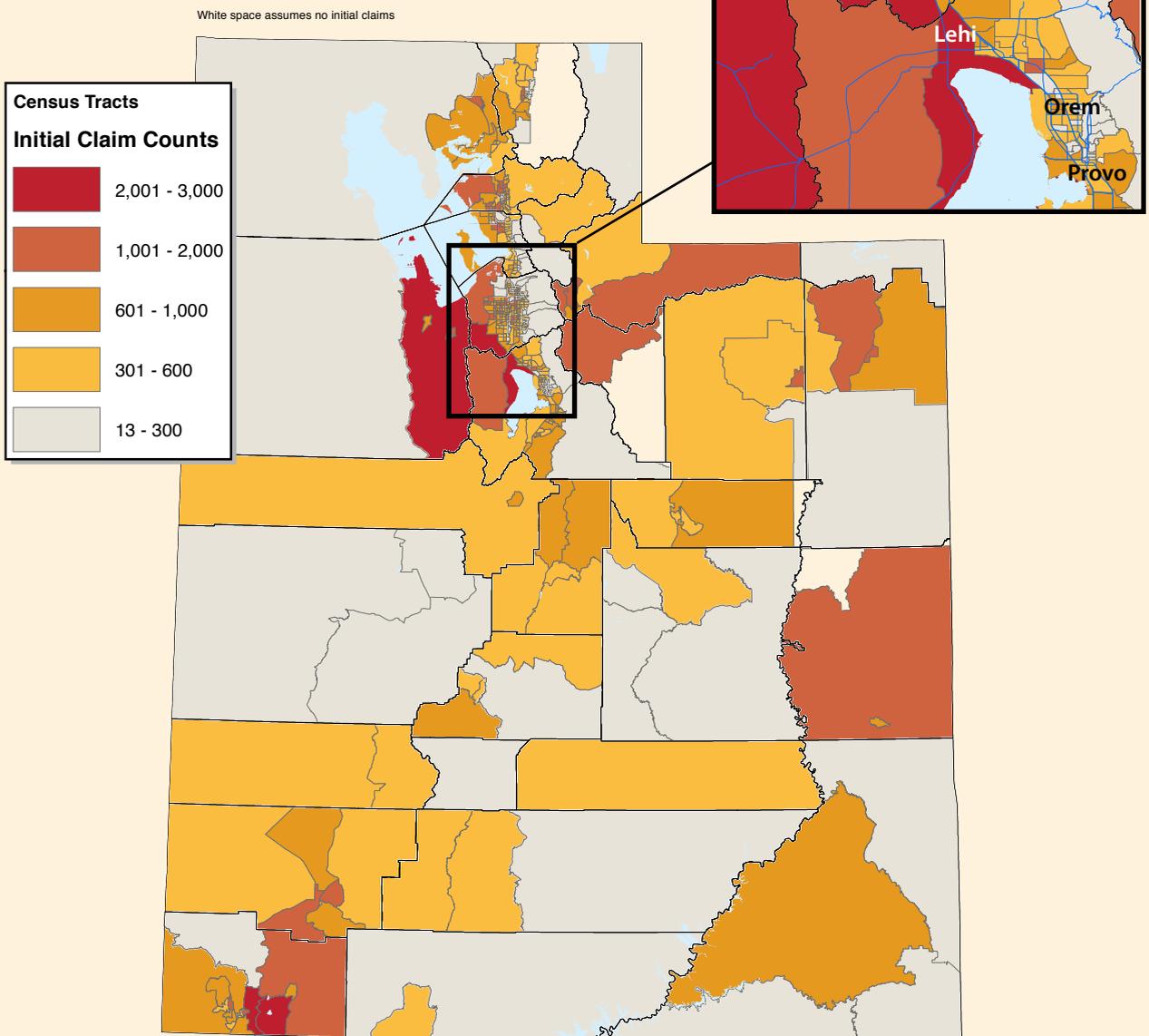
The large tract in Salt Lake County’s southwest corner in the 2000 Census is now three separate tracts in the 2010 Census. The most dramatic change may be the 2000 Census tract that surrounds the northwest corner of Utah Lake in Utah County (making up parts of Lehi and the new town of Saratoga Springs). That one tract is now divided into six tracts in the 2010 Census. Its neighboring tract to the west surrounding the city of Eagle Mountain is now five tracts in the 2010 Census. The large 2000 Census tract in eastern Tooele County is now four separate tracts in the 2010 Census.

There is no doubt that the large number of claims in these areas are a function of the initial unemployment insurance claimants being distributed by the 2000 Census boundaries, not 2010 boundaries. As the unemployment insurance data was quantified and located in census tracts available at the time—2000 Census tracts—this data cannot be redistributed.

Still, knowing the nature of those areas and the amount of young workers who inhabit them, it is hypothesized that they would still be areas of high claims distribution even if quantified to 2010 Census boundaries. 

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October 2008—November 2010
Close up of Wasatch Front



Source: Utah Department of Workforce Services.